

**DRAFT – SUBJECT TO COMMITTEE APPROVAL**

**OLD DOMINION UNIVERSITY  
BOARD OF VISITORS  
AUDIT AND COMPLIANCE COMMITTEE  
June 2, 2022  
MINUTES**

The Audit and Compliance Committee of the Board of Visitors of Old Dominion University met at 1:30 p.m. in the Board Room of the Kate and John R. Broderick Dining Commons. Present from the Committee were:

Jerri F. Dickseski, Chair  
Jay Harris, Vice Chair  
R. Bruce Bradley (*ex-officio*)  
Robert S. Corn  
Unwana B. Dabney  
Lisa B. Smith  
Antra Patel (*Student Representative*)

Remotely Present from Committee: Unwana Dabney

Absent from the Committee: Toykea S. Jones (*ex-officio*)

Also present:

Brian O. Hemphill	Chad A. Reed
Bruce Aird	Don Stansberry
Alonzo Brandon	Ashley Schumaker
Mary Deneen	Garrett Shelton
Annie Gibson	Amanda Skaggs
Eileen Graham	Rusty Waterfield
Todd Johnson	Allen Wilson
Donna Meeks	Nicola Ziady

The Chair called the meeting to order at 2:00 p.m., and introduced the new student representative, Antra Patel, to the Committee.

- A. **Approval of Minutes** – Ms. Smith made the motion to approve the minutes from the April 21, 2022, meeting as presented with Mr. Harris seconding the motion. The minutes were unanimously approved by all members present and voting via roll-call votes. (*Dickseski, Bradley, Corn, Dabney, Harris, Smith*)

**B. Report from the Auditor of Public Accounts Regarding the FY2021 Financial Statement Audit** – Chair Dickseski introduced Ms. LaToya Jordan, Deputy Auditor for Human Capital and Operations, and Ms. Megan Bridgewater, Audit Supervisor with the Auditor of Public Accounts (APA), who presented their status report on the FY2021 financial statement audit. The external financial statement audit for fiscal year 2021 is currently in the wrap-up stage by the Auditor of Public Accounts. All significant field work has been completed to date, and the remaining work relates to ensuring all audit adjustments proposed during the audit were posted correctly by management in the financial statements and related footnote disclosures. APA anticipates including seven (7) internal control and/or compliance findings within the Internal Control Report – four (4) relate to non-compliance with federal student financial aid regulations, one (1) pertains to strengthening policies and procedures when processing terminated employees, one (1) pertains to inappropriate access to the student housing system, and the last relates to improving the financial reporting process. At this time, APA anticipates the financial reporting finding will be classified as a material weakness, with the remainder being significant deficiencies. The APA does anticipate issuing an unqualified opinion on the financial statements – and anticipates dating the opinion no later than June 17, 2022. If anything changes with this anticipated timeline or any additional findings are identified during the wrap-up of the audit, the APA will notify the Audit and Compliance Committee as auditing standards require.

**C. Closed Session** – Ms. Smith made the motion to go into Closed Session and Mr. Harris seconded the motion. The motion was unanimously approved via roll-call votes by all members present and voting. (*Dickseski, Bradley, Corn, Dabney, Harris, Smith*)

The Committee reconvened in Closed Session to discuss the performance of specific departments where such evaluation involved discussion of the performance of specific individuals and discussed the evaluation of the Chief Audit Executive, as permitted by the Code of Virginia Section 2.2-3711 (A)(1).

The Committee reconvened in Open Session and FOIA Certification.

**F. Report from the Chief Audit Executive** – Amanda Skaggs

1. New Administrative Position - Ms. Skaggs requested Committee approval to hire a support person in the University Audit Department as an Audit Administrative Coordinator, which will include taking minutes at this Committee's meetings. The President's Office provided the position allocation, redefined from a retired employee position in that office. Ms. Smith moved to approve the position transfer, with Mr. Harris seconding the motion. The motion was unanimously approved by all members present and voting via roll-call vote. (*Dickseski, Bradley, Corn, Dabney, Harris, Smith*)

2. Completed Audit Reports:

**Payroll Benefits** – The objective of this engagement was to provide management with an independent assessment of the design of internal controls and operations of the payroll benefit processes. There are four (4) employees that support the payroll benefits processes by ensuring that employees are enrolled in their chosen benefit options, which can include health care, life insurance, parking, and retirement contributions. To provide context for a single pay rate ODU transmitted \$5.9 million to benefit vendors for full-time employees (this includes those external to the University, on-campus vendors, and ODU affiliated foundations). Key processes reviewed included the processing of initial and deduction changes, reconciling amounts paid to vendors, the processes for on-campus vendors (parking, childcare and meal plans, and recreation center), Commonwealth of Virginia reporting requirements and access and security of benefit data transmissions for external vendors which were around 20 different vendors. The system of internal controls in effect over payroll benefits was strong during our period of review. A suggestion was made that if implemented would be expected to enhance the effectiveness of a control related to recording received dates for benefit change requests. There were no reportable findings to share for this engagement.

However, when reviewing payroll-related Banner access, auditors found significant exceptions that were deemed to be out of this audit's scope as Payroll is not the designated data owner and does not approve Banner access. The exceptions found are currently being further evaluated through another engagement. Users that have access to a form which allows the user to look up and, in some cases, change direct deposit banking information (32 potential exceptions largely from SEES).

**Confucius Institute (CI)** – In October of 2019 ODU notified CI Headquarters of the intent to close the institute in June of 2020. In March 2020 Headquarters provided instructions on what was required as part of the wrapping up procedures. The procedures included providing a final accounting statement and providing the balance of the funding from Headquarters along with equipment and assets, providing videos and photos of CI events over the past 8 years to Headquarters. Also charged the ODU to use University funds to carry out any remaining promised activities, and to provide financial assistance as needed for the sponsored individuals that are required to depart the United States.

Audit worked with Academic Affairs to develop agreed upon procedures to assess if there were any expenses that needed to be adjusted in the final refund amount calculation. The amount of \$464,897.09 was certified by Academic Affairs management.

Some of the delays included Headquarters not providing the wiring instructions until October 2021, but at the same time noting that CI funds could be used to

cover any expenses related to the inventory transitions. There was an additional delay with the Hanban representative providing the local representative possession of the furniture and other items.

The amount sent on May 11, 2022, was \$464,124.59, which took into account the \$772.50 inventory transition cost.

Certification was obtained from the Vice Provost with email from the former CI director that stated all photos and videos were sent. Hanban confirmed receipt on February 2021. A Hanban representative signed a receipt upon ODU moving CI-related items on November 19, 202 to a storage unit rented by the receiver of the items.

The wrapping up procedures letter from Hanban noted that there were seven (7) Chinese teachers currently serving the CI; however, based on information provided by ODU's Office of Visa and Immigration Services (VISA), only five (5) visiting scholars were associated with the Confucius Institute since its inception.

A final email was sent from Academic Affairs on May 19, 2022, to Weigui Sheng, Hanban representative noting that ODU has satisfactorily addressed each of the components of the wrapping up procedures.

### **Banner Workflows – IT Engagement**

There were 15 workflows active as of June 2021, and each were assessed for business impact with two (2) selected for detailed testing. Human Resources Separation workflow ensures that when an employee separates from University employment the necessary actions are completed by supervisors and other departments covering activities including disabling access privileges, recovering keys, and returning purchase cards.

The fixed asset transfer workflow is utilized by department level Fixed Asset Coordinators (FAC) to transfer assets between budgets and/or physical locations.

The primary objective was to review in detail workflows with significant business impact for reliability of inputs and outputs and the achievement of expected objectives and access controls in effect over Workflow users. This was rated high due to processing sensitive data and has a business impact rating calling for immediate recovery.

#### **Audit conclusion statements:**

The Human Resources separation workflow was determined to be functioning as expected and sufficiently monitored for data alerts to achieve its design objectives. Several workflow parameters were identified as in need of updates to reflect current weblinks and contact information and a minor configuration issue

was noted related to recording of a response. These did not affect the logical flow of stepping through to completion. No reportable findings for this workflow.

The Fixed Asset Transfer Workflow was determined to need operational improvements to address issues that negatively impacted its expected performance. It was also noted that controls in effect over managing access to the general Banner Workflow application need to be enhanced to assure privileged access is terminated upon employee separation or role change.

The Auditors found that the Fixed Asset Workflow had not been maintained in a fully operational state.

In order for the workflow to achieve its objective, there must be an employee assigned to the Fixed Asset Accountant role. The role was unassigned from February 2020 to January 2022, causing department approved workflow requests to be idle.

Between March 2020 and April 2022, there were 202 requests for asset transfers made by various departments through the workflow that are in a pending state of completion.

The Workflow owner role has the privileges necessary to monitor for alerts, but that role has not been assigned to an active Office of Finance employee since June 2021.

By policy, use of the workflow is required with responsibility of asset control residing with the Budget Unit Directors.

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By policy, use of the workflow is required with responsibility of asset control residing with the Budget Unit Directors.

The Office of Finance did institute an alternate practice to process fixed asset transfers. Between March 2020 and April 2022, there were 242 asset transfers processed outside of the workflow. Documentation provided was for 37 of these, which did not support approval or communication of the transfers to the responsible BUD which is enforced by the workflow.

The finding was that the Banner workflow privileged user accounts were not managed to internal account mgt standards in that the process for managing accounts is not documented and annual account reviews are not being conducted.

The three (3) exceptions found were considered low risk due to mitigating access controls in place.

**Activity and Status of Open Audit Issues Since April 2022**

There were 45 open action items in the April 2022 report and since that time 17 new actions were added. Six actions have since been completed. The Auditors will continue to track the 56 remaining open action items.

3. Annual Risk Assessment Process – Ms. Skaggs shared the process that is conducted by her department and what factors are used in developing the annual audit plan. The process includes meeting with senior leadership and soliciting operational and information technology inputs from University departments.
4. FY2022 Audit Plan Status, Including Open Audit Projects – Ms. Skaggs shared the status of the FY2022 including noting how many projects were completed and how many were underway. She also discussed the recent Audit Outreach training program that was launched in May.
5. **Proposed FY2023 Audit Plan**  
Ms. Skaggs discussed the proposed audit plan providing rationale for why each engagement was included in the proposed plan.

Ms. Smith made the motion to approve the FY2022 Audit Plan as modified, and to also approve the proposed FY2023 Audit Plan. Mr. Harris seconded the motion. The motion was unanimously approved by all members present and voting via roll-call. (*Dickseski, Bradley, Dabney, Harris, Smith*)

There being no further business, the meeting was adjourned at 3:15 p.m.